

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6634
BILL NUMBER: HB 1221

DATE PREPARED: Dec 20, 2001
BILL AMENDED:

SUBJECT: Lake and River Enhancement Fee and Fund.

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

STATE IMPACT	FY 2002	FY 2003	FY 2004
State Revenues		2,200,000	2,200,000
State Expenditures			
Net Increase (Decrease)		2,200,000	2,200,000

LOCAL IMPACT	CY 2002	CY 2003	CY 2004
Local Revenues	1,100,000	1,100,000	1,100,000
Local Expenditures			
Net Increase (Decrease)	1,100,000	1,100,000	1,100,000

Summary of Legislation: This bill increases the Lake and River Enhancement Fee on boats from \$5 to \$15. It requires one-third of the revenue from this fee be allocated for law enforcement activities, including deposit of the money in a fund that provides grants to counties with special boat patrol needs. One-third of the money must be allocated for DNR lake projects, including projects to remove sediment and control exotic or invasive plants or animals.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The Bureau of Motor Vehicles collects the Lake and River Enhancement Fee. Increasing the amount of the fee should not increase administrative expenses for the Bureau. The DNR administers the fund. Expenses of administering the fund are to be paid from money in

the fund.

Explanation of State Revenues: The Lake and River Enhancement Fee generates approximately \$1.1 M annually. Increasing the fee from \$5 to \$15 would generate \$3.3 M, or \$2.2 M additional dollars. The table below details the uses of the fund for the past several years.

Lake and River Enhancement Fund Funds Allocated Annually by the State Soil Conservation Board				
Fiscal Year	Watershed Land Treatment Projects	Lake and Streams Projects	Total	% Allocated to Lakes and Streams
1995	\$446,000	\$383,840	\$829,840	46%
1996	\$484,000	\$346,053	\$830,053	42%
1997	\$551,000	\$432,477	\$983,477	44%
1998	\$462,245	\$367,755	\$830,000	44%
1999	\$483,800	\$346,200	\$830,000	42%
2000	\$531,825	\$657,003	\$1,188,828	55%
Totals	\$1,990,870	\$1,776,325	\$5,492,198	32%

The proposal would triple the fee, but one third, or \$1.1 M, would continue to go to lake and river enhancement projects; another \$1.1M would go to the DNR Division of Law Enforcement; and another \$1.1 M would be used for DNR lake projects, including projects to remove sediment and control exotic plants and animals.

Background Information. Revenue from the \$5 boat fee collected by the Bureau of Motor Vehicles is deposited into the Lake and River Enhancement Fund. The Fund received over \$1.1 M annually from the fee; however, for three of the past six years, the fund was only allowed to spend \$830,000, which contributed to a \$3.4 M balance in 1999.

The Division of Soil Conservation within the DNR administers the Fund. The Fund provides matching grants to evaluate or fund mechanisms to improve the quality of public-access lakes and streams by reducing soil erosion and nutrient input. Matching grants are provided to local lake associations for diagnostic, feasibility, or design studies and for construction or remediation work. Matching grants are also provided to soil and water conservation districts for watershed studies, erosion control practices, and land treatment applications. Watershed land treatment provides funding to farmers to prevent eroded soil and nutrients from getting into streams and lakes. Watershed land treatments are designed to prevent sediment from being deposited into the lakes.

Since its inception in 1990, the Lake and River Enhancement Program has funded 241 projects in over 44 counties as of December 2001. Revenue from the Fund was also used to finance the 26-member Lake Management Work Group.

Money in the Fund at the end of the fiscal year does not revert to the State General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: Local units may be eligible to receive up to \$1.1 M in grants related to lake projects and law enforcement.

State Agencies Affected: Bureau of Motor Vehicles and the DNR Division of Soil Conservation.

Local Agencies Affected:

Information Sources: Budget Overview for the Lake Enhancement Fund and Jim Ray, Chief, and Mike Massonne, Engineer, LARE, Division of Soil Conservation, (317) 233-3871.